

## Course description

<b>Course title:</b> Economic Policy	<b>Neptune code of course:</b> GTGVÖ111BNA Institute of Economics Theory and Methodology <b>Course type:</b> required
<b>Course coordinator</b>	Zoltan Bartha, Phd zoltan.bartha@ekon.me Building A4 Room 418
<b>Recommended semester:</b> 4 Spring	<b>Precondition:</b> -
<b>Place of classes</b>	Building A4 Room 421B
<b>Time of classes</b>	Mondays 16:00-17:30
<b>Number of lessons/week:</b> 2+0	<b>Acknowledgement of course completion:</b> signature, written exam
<b>Credit value:</b> 3	<b>Training format:</b> full-time
<p><b>Aim and content of course:</b> The purpose of the course is to explain students how their individual welfare or the well-being of their family members may be affected by economic policy decisions, or measures taken by public sector agents in general. During the course we develop tools that help students in evaluating both the micro- and the macroeconomic effects of economic policy interventions.</p> <p><b>Competences to be developed:</b> <i>Knowledge:</i> T1, T2, T6 (EEF, NG), T10 (GM, KM, PSZ) <i>Skills:</i> K2 (EEF, GM, KM, NG, PSZ, TV), K3 (GM, NG) <i>Attitudes:</i> A2, A3 (GM, TV), A4 (EEF, TV) <i>Autonomy and responsibility:</i> AF1 (EEF, PSZ), AF2 (GM, KM, TV), AF3 (NG), AF6 (NG)</p>	
<p><b>Virus-related updates</b> The second semester of the 2020/21 academic year is started in an online teaching format. We have no reliable information yet, but it can be expected that we will switch back to the traditional format sometime during the semester. The exact date of the switch is a mystery.</p> <p>Online classes are held on GoToWebinar. Please, register for the course using the link below, and you will receive a confirmation email containing information about joining the webinar: <a href="https://attendee.gotowebinar.com/register/2034635684894293006">https://attendee.gotowebinar.com/register/2034635684894293006</a></p> <p>All activities (classes, student presentations, tests) will be done online until we switch back to the old ways. Try to make sure that you have decent internet connection; and you connect from a device that has a microphone and a face camera installed.</p>	
<b>Thematic description of course content:</b>	
	<b>Lecture:</b>
8 Feb	Why do we need economic policy at all? Collective action problem, bounded rationality and economics. Thoughts about economic growth
15 Feb	Basic rules of the markets vs. markets with government intervention
22 Feb	Path dependence – to what extent are market economies similar
1 Mar	Social surplus and deadweight loss – simple tools in assessing the macroeconomic effects of government interventions
8 Mar	The case for market failures: rationality, transaction costs, public goods, externalities, monopolies, principal agent problems
15 Mar	National Holiday – no teaching
22 Mar	The case for government failures: omnipotence, rationally uninformed electorate, rent seeking, moral hazard. Government functions: allocation of goods and services, redistribution, macroeconomic stabilisation, regulation
29 Mar	Fiscal and monetary policy – macroeconomic stabilisation. Expansionary and contractionary policies

5 Apr	Easter break – no teaching
12 Apr	Fiscal policy: public finances and public debt; flat rate tax vs. progressive tax
19 Apr	Monetary policy: policy rate and monetary transmission. Monetary policy in Europe: Eurozone in or out Virus and economic policy
26 Apr	Optional midterm test
3 May	Student presentations
10 May	Student presentations

**Method and evaluation of in-semester assessment:**

**Requirements for obtaining the signature:** The signature is awarded if students actively participate in class discussions and give a presentations on a previously agreed topic.

The signature is awarded if a minimum of 5 points are accumulated, where the maximum amount of points is 15 in the following structure:

- Active class participations (max. 3 points)
- Presentation (max. 12 points)

Students are to form groups of two, and have to give a 15-minute PowerPoint presentation on a previously agreed topic (see topic suggestions). During the presentation the students have to cover at least the following issues: 1) a description of the social/economic phenomenon the virus had an effect on; and a description of the effect itself; 2) clear introduction of the policy recommendation (what it is, what effect it will have); 3) explain why and how your suggested action can counter the problems caused by COVID (using the concepts and theories we studied during the semester) 4) cost/benefit analysis (how much it would cost, who will pay those costs; what benefits can we expect); 5) pro and con arguments (Who benefit? Who pay the costs? What are the advantages? What are the disadvantages?).

Deadlines:

- Finalising the two team members & agreeing on the topic of presentation: 1 March (if you do not have a team or a topic by 1 March, you will not be able to complete this course!)
- Sending the PPT to zoltan.bartha@ekon.me: 30 April  
(The maximum points that can be obtained for the presentation (12) is decreased by one with every day that you are late with)
- Presentation: see the class schedule above

If the presentation is not given on the agreed date, the signature is denied (because the minimum of 5 points cannot be collected without it). The only way to make up for the lost presentation points is two write a 30-page (~10,000-word) essay on the same topic, discussing the same issues as it was required in the presentation. The essay is declined if any plagiarism is detected.

Deadline for the essay: 15 May

**Topic suggestion:** Action to mitigate the effects of COVID. The coronavirus has had great impact on the economy, the society, as well as on our everyday lives. Most of these effects were negative. Your task is to pick a specific area on which the virus had an effect on, describe your selection, and the nature of the effect, and then come up with an action plan, an economic policy intervention that could counter it. Explain why your suggested actions can be effective (using the concepts and theories we studied during the semester), try to estimate the costs and the benefits of the suggested interventions, and end your presentations with pro and con arguments. Always cite & reference your sources.

**Completion requirements and evaluation criteria for seminar grades and exams:** you may only take the exam if you obtained a signature from the course

**Oral/written exams, or specific methods/practices applied during the course:**

Students have the option to take a midterm exam, or they can write the final exam during the exam period. Both exams have the exact same structure: 11 multiple choice questions that include definitions, examples, logic exercises (for 1 point each); 2 essay questions that usually test the decision making skills of students (for 2 points each). The time available for the test is 30 minutes.

The final grade is calculated as follows:

- Active class participations (max. 3 points)
- Presentation (max. 12 points)
- (Midterm or final) test (max. 15 points)

The point structure is the following: 30-24 excellent; 23-21 good; 20-18 satisfactory; 17-15 pass; 14-0 fail.

For Erasmus students the following ECTS grading scale will be used: 30-27 excellent – A; 26-24 very good – B; 23-21 good – C; 20-18 satisfactory – D; 17-15 pass – E; 14-0 fail – F.

**Required reading:**

Most of the materials & more are available in the elearning system: <https://elearning.uni-miskolc.hu/zart/>  
Sara Connolly & Alistair Munro: Economics of the public sector. London: Prentice Hall, 1999. Pp. 1-56, 121-202, 339-409.

Recent issues of The Economist: <http://www.economist.com/>

Thaler-Sunstein: Nudge. London: Penguin Books, 2008

Lecture notes in pdf format: <http://gtk.uni-miskolc.hu/gei/econpol>

**Suggested reading:**

J.M. Buchanan: What should economists do? Indianapolis: Liberty Press, 1979.

M. Friedman: The Role of Government in Education. New Jersey: Rutgers University Press. Economics and the Public Interest, ed. Robert A. Solo, 1955

J.K. Galbraith: The Culture of Contentment. New York: Houghton Mifflin, 1992.

D. Acemoglu – J. A. Robinson: Why Nations Fail? Crown Publishing, 2012.

Miskolc, 4 February 2021